

THE STATE BANKING SYSTEMS.

was typical of many others. The net proceeds of the bonds, when sold in the New York market, were only \$21,769 and afforded the billholders only fifty-four and three-fourths per cent, on the dollar against an apparently well secured circulation of \$39,779. The Bank Comptroller of Wisconsin was compelled to call upon nearly all the banks to make good the depreciation of stocks and their position became so precarious that a joint resolution was passed by the legislature on February 15, 1861, suspending further calls for additional securities. The Comptroller declared that "a general failure, involving three-fourths of all the banks, was imminent unless relief in some shape was granted ; and there is scarcely any occasion for doubt but at least eighty out of the one hundred and nine then existing banks would have failed."

The resolution of February was rescinded early in April and another call was made upon the banks to bring up the value of their stocks. Thirteen banks failed to respond and resisted the action of the Comptroller in the courts. The stronger banks gradually replaced Southern securities by those of Northern States and continued business upon this basis until the establishment of the national banking system. A shrewd stock jobbing scheme was put in operation by some of the bankers in the meantime by buying up depreciated currency at a great discount and offering it to the Comptroller for redemption in the better class of bonds, which could then be sold at a handsome margin over the cost of the currency. The Comptroller refused to permit the withdrawal of bonds except in such a way as to leave the better bonds in the custody of the State as security for the remaining circulation, but he modified this policy when he found speculators holding on to the notes, in anticipation of their final redemption from the proceeds of the stock, and surrendered good and bad stocks in fixed proportions.¹

The New England banks felt the pressure of the repudia-

¹ Report of G. Van Steenwyck, Bank Comptroller of Wisconsin, Madison, October 1, 1861. House Ex. Doc. 25, 37th Cong., 3d Sess., 190-94.